

HOUSE APPROVES MEASURE TO STRENGTHEN RURAL HOUSING PROGRAM

Last week, the U.S. House of Representatives approved H.R. 5017, the Rural Housing Preservation and Stabilization Act of 2010. The measure ensures continued access to affordable mortgages in rural areas for families of modest means through the U.S. Department of Agriculture's single-family home loan guarantee program.

Owning a home is an essential part of the American dream, and homeownership provides families with economic security by building wealth over time. For this reason, it is one of my priorities to ensure that families across Southwest Virginia have access to the resources which assist them to achieve and maintain homeownership.

One such resource is the Section 502 Single Family Housing Guaranteed Loan Program, which has helped hundreds of thousands of families realize the American dream of homeownership. The program provides a federal guarantee to loans provided by a private lender to low- and moderate- income homeowners in rural areas. Unfortunately, the program faces shortfalls due to the unprecedented demand for affordable home loans, with the number of rural home loans tripling since 2006. The measure approved by the House last week will ensure that the U.S. Department of Agriculture does not stop guaranteeing mortgages in rural America, leaving low- and moderate-income families with little to no options for getting a home loan.

Managed by the USDA's Rural Housing Service, the Section 502 program provides a vital source of mortgage credit in communities of less than 20,000 residents. USDA currently guarantees rural home loans with the money that it receives through the appropriations process and the upfront fees it collects on loan originations. These guarantees decrease the exposure of home lenders to defaults so that they will underwrite more mortgages for low- and moderate-income families in rural America. In 2009, loans made under the program averaged

\$112,000.

In recent years, demand for affordable home loans in rural areas has greatly increased. The Section 502 program financed more than 115,000 fixed-rate 30-year mortgages in 2009 alone. Because demand continues to grow, the program has nearly exhausted its available resources for 2010. Last week, Congress acted quickly to prevent the USDA from halting offering loan guarantees on new home loans in rural America after the end of April.

The measure approved by the House works to solve this problem by having lenders pay as much as a 4 percent upfront fee on new home mortgages and raises USDA's loan authority to \$30 billion dollars for this fiscal year. As a result of these changes, the Section 502 program would continue to operate without interruption, and individuals in rural areas will continue to have access to this valuable program.

I am pleased that the House has approved the continuation of the Section 502 program, and I will continue to work with my colleagues in the U.S. Senate to ensure approval in that body as well.

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